

## Message Text

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ACTION STR-07

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 CIAE-00 DODE-00  
NSAE-00 NSCE-00 SSO-00 ICAE-00 INRE-00 STRE-00  
AGRE-00 CEA-01 COME-00 EB-08 FRB-03 H-01 INR-10  
INT-05 L-03 LAB-04 PA-01 CTME-00 AID-05 SS-15  
ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15 /120 W  
-----038461 310552Z /11

O 310543Z AUG 78  
FM AMEMBASSY TOKYO  
TO SECSTATE WASHDC IMMEDIATE 0826  
INFO AMEMBASSY PARIS PRIORITY  
AMEMBASSY BRUSSELS PRIORITY  
AMEMBASSY LONDON PRIORITY  
AMEMBASSY BONN PRIORITY  
AMEMBASSY COPENHAGEN PRIORITY  
AMEMBASSY DUBLIN PRIORITY  
AMEMBASSY LUXEMBOURG PRIORITY  
AMEMBASSY THE HAGUE PRIORITY  
USMISSION GENEVA PRIORITY

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USEC, USOECD, USMTN  
DEPT PASS STR ELECTRONICALLY

E. O. 11652: N/A  
TAGS: ETRD, OECD, EC, JA  
SUBJECT: STEEL RESOLUTION AND TPS

REF: STATE 200579

SUMMARY: GOJ OFFICIALS HAVE NOT BUDGED ON PARA. 8A6 OF  
THE STEEL RESOLUTION-THEY INSIST ON RETENTION OF THE  
PHRASES "LOWEST COST" AND "MOST EFFICIENT PRODUCING",  
AND FIND THE IMPLICATIONS OF A MULTI-TIERED PRICING  
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SYSTEM UNACCEPTABLE. MITI IRON 7 STEEL DIVDIR IWASAKI  
WANTS TO COME TO WASHINGTON IN MID-SEPTEMBER FOR FURTHER  
DISCUSSIONS ON THIS ISSUE. HE ALSO WANTS TO TALK ABOUT  
FUTURE TPS OPERATIONS, SPECIFICALLY SERIOUS JAPANESE  
CONCERN OVER THE EFFECT OF RECENT TRIGGER PRICE HIKES  
ON THEIR STEEL EXPORTS. REQUEST AN INDICATION OF  
WASHINGTON'S RECEPTIVENESS TO IWASAKI'S VISIT. END

SUMMARY.

1. WE MET WITH MITI IRON STEEL DIV DIRECTOR IWASAKI AND INT'L ECON DIV. DEP DIRECTOR FURUTA TO DISCUSS PARA. 8A6 OF THE STEEL RESOLUTION. IWASAKI INITIALLY EXPRESSED SOME SURPRISE AT OUR INQUIRY, SAYING THAT HE HAD SENT A RESPONSE ON OUR PROPOSED WORDING OF 8A6 TO TANABE IN WASHINGTON ABOUT TEN DAYS AGO. IWASAKI THEN STATED THAT THE GOJ'S POSITION ON 8A6 IS UNCHANGED - THE JAPANESE INSIST THAT WORDING ON 'LOWEST COST' AND "MOST EFFICIENT PRODUCER", REMAIN IN THE STEEL RESOLUTION.

2. AFTER LISTENING TO OUR EXPLANATION OF THE USG'S POSITION AS STATED IN REFTEL, PARTICULARLY OUR CONCERN THAT EXPLICIT REFERENCE TO "LOWEST COST " AND "MOST EFFICIENT" WOULD ENDANGER DOMESTIC ACCEPTANCE OF THE RESOLUTION, IWASAKI REPLIED THAT THE GOJ HAS TRIED TO UNDERSTAND THE "DELICATE POSITION" OF THE USG AND HAS THEREFORE COOPERATED WITH OUR INITIATIVES RE THE TPS AND THE OECD GROUP. HOWEVER, HE AND FURUTA EMPHASIZED THAT IMPLICATIONS OF A MULTI-TIERED PRICING SYSTEM ARE "INTOLERABLE" TO THE GOJ AND WOULD BE RESISTED, EVEN IF JAPAN HAD TO OPPOSE THE ENTIRE RESOLUTION. IWASAKI NOTED THAT USE OF A MULTI-TIERED PRICING SYSTEM WOULD OBSTRUCT TRADITIONAL FLOWS IN STEEL IMPORTS, AND DOUBTED WHETHER THE EC WOULD FIND THIS ACCEPTABLE. RETURNING TO A LIMITED OFFICIAL USE

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TRADITIONAL ARGUMENT, HE AND FURUTA SUGGESTED THAT IF A SINGLE GUIDELINE PRICE IS UNACCEPTABLE TO US, QUANTITATIVE RESTRICTIONS WOULD BE A MORE REASONABLE APPROACH. IWASAKI DID ACKNOWLEDGE THAT OUR DISCUSSION HAD GIVEN HIM A BETTER UNDERSTANDING OF U.S. CONCERNS, AND SAID THAT HE WANTS TO COME TO WASHINGTON AROUND THE MIDDLE OF SEPTEMBER TO FURTHER DISCUSS THIS ISSUE WITH USG STEEL OFFICIALS.

3. HOWEVER, THE STEEL RESOLUTION IS NOT IWASAKI'S MAIN REASON FOR WANTING TO GO TO WASHINGTON. HE SAID THAT HE ALSO WANTS TO UNDERSTAND THE USG'S "TRUE INTENTIONS" CONCERNING FUTURE HANDLING OF THE TPS. (IWASAKI'S STATEMENT COINCIDES WITH PRESS REPORTS AND COMMENTS BY STEEL INDUSTRY CONTACTS ON SERIOUS CONCERN OVER THE EFFECT OF RECENT TRIGGER PRICE INCREASES ON JAPAN'S STEEL EXPORTS TO THE U.S.) IWASAKI SAID THAT HE WILL CONVEY GOJ PROPOSALS ON THIS SUBJECT TO WASHINGTON OFFICIALS, THE EXACT CONTENTS OF WHICH ARE STILL UNDER DISCUSSION.

4. WE WOULD APPRECIATE AN INDICATION OF WASHINGTON'S

RECEPTIVENESS TO TALKS WITH IWASAKI. THE GOJ'S  
POSITION ON 8A6 SEEMS ADAMANT, AND WE THINK THAT ONLY  
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FURTHER FACE-TO-FACE DISCUSSIONS CAN BREAK THIS APPARENT  
DEADLOCK. MANSFIELD

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** STEEL, RESOLUTIONS, TRADE AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 31 aug 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Original Handling Restrictions:** n/a  
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**Subject:** STEEL RESOLUTION AND TPS  
**TAGS:** ETRD, US, JA, OECD, EEC  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
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20 Mar 2014  
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